

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Health
Workforce Financial Assistance Program

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1.0 Department of Health - Workforce Financial Assistance Program

Summary

The Workforce Financial Assistance Program was established during the 2002 Legislative session by consolidating the Physicians and Physician Assistants Grant and Scholarship Program, the Nurse Education Financial Assistance Program, and the Special Population Health Care Provider Financial Assistance Program. The purpose of the combined Workforce Financial Assistance Program is to increase the number of health care professionals in underserved areas in the State through loan repayment grants and scholarships in return for providing professional services for an obligated period of time. Funding for this program is designated as nonlapsing and is appropriated as a separate line item, in accordance with UCA 26-46-102(4).

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	419,300		419,300
Beginning Nonlapsing	945,100		945,100
Closing Nonlapsing	(370,100)		(370,100)
Total	<u>\$994,300</u>	<u>\$0</u>	<u>\$994,300</u>
Programs			
Workforce Financial Assistance	994,300		994,300
Total	<u>\$994,300</u>	<u>\$0</u>	<u>\$994,300</u>
FTE/Other			
Total FTE	0.3	0.0	0.3

2.0 Issues: Workforce Financial Assistance Program

2.01 Administrative Cost Intent Language

The 2003 Legislature approved the following intent language to be implemented by this division:

It is the intent of the Legislature that the budget analysis for the Department of Health be presented with a breakdown between costs of administration and services delivered and the number of citizens served and categorized by cost and type of service.

The Department reports that the Workforce Financial Assistance Program's budget is 3.6 percent administrative and 96.4 percent indirect services as shown in the following table.

WORKFORCE FINANCIAL ASSISTANCE				
ADMINISTRATIVE and SERVICE COSTS				
FY 2003 Actual Expenditures				
	Admin- <u>istration</u>	Indirect <u>Services</u>	Direct <u>Services</u>	<u>Total</u>
Financial Assistance Program	\$20,139	\$546,161		\$566,300
	3.6%	96.4%	0.0%	
Total	\$20,139	\$546,161	\$0	\$566,300
	3.6%	96.4%	0.0%	
Source: Department of Health				

3.1 Workforce Financial Assistance Program

Recommendation

The Analyst recommends a budget in the amount of \$994,300 for the Workforce Financial Assistance Program for FY 2005. The General Fund recommendation of \$419,300 reflects the same General Fund level as during FY 2004. The program has statutory nonlapsing authorization (26-46-102(4)) due to the appropriated General Funds being committed for future years.

	2003 Actual	2004 Estimated	2005 Analyst	Est/Analyst Difference
Financing				
General Fund	528,800	419,300	419,300	
General Fund, One-time		100		(100)
Federal Funds	63,071			
Beginning Nonlapsing	1,152,361	1,177,900	945,100	(232,800)
Closing Nonlapsing	(1,177,933)	(945,100)	(370,100)	575,000
Total	\$566,299	\$652,200	\$994,300	\$342,100
Expenditures				
Personal Services	21,440	14,800	14,800	
In-State Travel	2,864	2,900	2,900	
Current Expense	541,060	633,800	975,900	342,100
DP Current Expense	935	700	700	
Total	\$566,299	\$652,200	\$994,300	\$342,100
FTE/Other				
Total FTE	0.4	0.3	0.3	0.0

*Non-state funds as estimated by agency

Purpose

The Workforce Financial Assistance Program was created to assist underserved areas of the State in the recruitment and retention of health care professionals. The program provides loan repayment grants to physicians, physician assistants, nurses, dentists, mental health therapists, or other health care professionals designated by the department, in exchange for a minimum two-year commitment in underserved areas. The funds for the Workforce Financial Assistance Program are appropriated as a separate line item, as provided in 26-46-102.

The Utah Health Care Workforce Financial Assistance Program Advisory Committee is still being assembled and has not awarded any of the FY 2003 funds yet. The three tables on the following page show the grants and scholarships awarded by each of the three individual programs prior to their consolidation.

PHYSICIANS AND PHYSICIAN ASSISTANTS GRANT AND SCHOLARSHIP PROGRAM							
<u>Fiscal Year</u>	<u>Beg. Balance</u>	<u>Appropriation</u>	<u>Funds Received From Defaulting Contractors</u>	<u>Administrative Expenses</u>	<u>Funds Awarded</u>	<u>Grants</u>	<u>Awards Scholarships</u>
1990-91	0	\$325,000	\$0	\$17,030	\$96,000	4	0
1991-92	211,970	310,000	60,038	20,271	96,000	2	0
1992-93	465,737	310,000	115,360	20,271	394,854	8	4
1993-94	475,972	310,000	24,600	46,285	496,016	7	8
1994-95	268,271	310,000	52,800	55,433	236,433	4	3
1995-96	339,205	310,000	6,000	54,051	408,724	6	2
1996-97	192,430	310,000	13,680	60,675	254,200	2	3
1997-98	201,235	310,000	18,300	60,675	80,400	3	0
1998-99	388,460	310,000	0	28,066	149,705	5	0
1999-2000	520,689	310,000	0	30,724	189,466	4	0
2000-2001	610,499	295,000	0	30,877	638,174	11	0
2001-2002	236,448	296,400	0	12,760	514,866	14	0
2002-2003	5,222						
Total		\$3,706,400	\$290,778	\$437,118	\$3,554,838	70	20

NURSE EDUCATION FINANCIAL ASSISTANCE PROGRAM							
<u>Fiscal Year</u>	<u>Beg. Balance</u>	<u>Appropriation</u>	<u>Funds Received From Defaulting Contractors</u>	<u>Administrative Expenses</u>	<u>Funds Awarded</u>	<u>Grants</u>	<u>Awards Scholarships</u>
1992-93	0	\$200,000	\$0	\$24,926	\$0	0	0
1993-94	175,074	200,000	0	48,681	144,552	7	5
1994-95	181,841	200,000	0	54,491	154,213	11	11
1995-96	173,137	200,000	0	60,956	213,591	8	12
1996-97	98,590	200,000	0	53,245	179,478	9	13
1997-98	65,867	200,000	0	55,688	154,310	15	2
1998-99	55,869	200,000	0	57,565	142,060	13	12
1999-2000	56,244	200,000	0	37,391	109,300	8	5
2000-2001	109,553	190,900	0	28,263	239,687	19	4
2001-2002	32,503	191,700	0	13,971	184,388	11	2
2002-2003	25,844						
Total		\$1,982,600	\$0	\$435,177	\$1,521,579	101	66

SPECIAL POPULATION HEALTH CARE PROVIDER FINANCIAL ASSISTANCE PROGRAM							
<u>Fiscal Year</u>	<u>Beg. Balance</u>	<u>Appropriation</u>	<u>Funds Received From Defaulting Contractors</u>	<u>Administrative Expenses</u>	<u>Funds Awarded</u>	<u>Grants</u>	<u>Awards Scholarships</u>
1996-97	0	\$100,000	\$0	\$16,560	\$0	0	0
1997-98	83,440	90,000	0	21,934	0	0	0
1998-99	151,506	85,000	0	27,417	56,954	3	0
1999-2000	152,135	80,000	0	20,825	100,994	5	0
2000-2001	110,316	76,700	0	18,518	150,028	8	0
2001-2002	18,470	53,000	0	12,073	48,800	3	0
2002-2003	10,597						
Total		\$484,700	\$0	\$117,327	\$356,776	19	0

Of those individuals that have completed their service obligation, 83 percent have either remained in their original service areas or within the same county where their service obligation began. Placements have been made in 19 of Utah's 29 counties, allowing those communities the opportunity for more comprehensive health care. The program has provided funding to secure the obligation of a total of 352 years of service.

The following table represents the consolidation of the three former programs and the loans approved for FY 2003 and FY 2004.

WORKFORCE FINANCIAL ASSISTANCE PROGRAM								
<u>Fiscal Year</u>	<u>Beg. Balance</u>	<u>Appropriation</u>	<u>Funds Received From Defaulting Contractors</u>	<u>Administrative Expenses</u>	<u>Funds Awarded</u>	<u>Number of Loans</u>	<u>Rural/Urban</u>	
2002-2003	41,663	\$528,800	\$0	\$25,239	\$85,400	6	2/4	
2003-2004	459,824	419,400	0	18,400	0	0	0	
Total		\$948,200	\$0	\$43,639	\$85,400	6	2/4	

The Utah Health Care Workforce Financial Assistance Program Advisory Committee met on January 7, 2004 for the purpose of reviewing applications for financial assistance. The Committee reviewed 108 applications and approved 46 and awarded \$737,885 for those 46 applicants. The awards also are eligible to receive \$169,432 in federal matching funds. In addition, seven more applications are pending, waiting for additional information. Assuming these are awarded, they would increase the total amount awarded by \$140,000.

**Administration/
Service Cost
Breakdown Intent
Language**

The 2003 Legislature approved this item of intent language for this program:

It is the intent of the Legislature that the budget analysis for the Department of Health be presented with a breakdown between costs of administration and services delivered and the number of citizens served and categorized by cost and type of service.

The Department reports that the Workforce Financial Assistance Program's budget is 3.6 percent administrative and 96.4 percent indirect services as shown in the following table.

Based on the FY 2004 appropriation of \$419,400, approximately 22 health care professionals could receive funding awards to encourage them to provide primary health care services to Utah's medically underserved populations. Assuming that each of these professionals could serve 2,500 clients per year, a total of 55,000 individuals would receive services, at an average cost of \$7.63 per client.

4.0 Additional Information

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	563,200	565,600	528,800	419,300	419,300
General Fund, One-time		(37,900)		100	
Federal Funds	20,698	55,227	63,071		
Beginning Nonlapsing	1,309,216	1,292,831	1,152,361	1,177,900	945,100
Closing Nonlapsing	(1,292,831)	(1,152,361)	(1,177,933)	(945,100)	(370,100)
Lapsing Balance		50			
Total	\$600,283	\$723,447	\$566,299	\$652,200	\$994,300
Programs					
Workforce Financial Assistance	600,283	723,447	566,299	652,200	994,300
Total	\$600,283	\$723,447	\$566,299	\$652,200	\$994,300
Expenditures					
Personal Services	63,907	31,070	21,440	14,800	14,800
In-State Travel	1,884	958	2,864	2,900	2,900
Current Expense	531,548	691,184	541,060	633,800	975,900
DP Current Expense	2,944	235	935	700	700
Total	\$600,283	\$723,447	\$566,299	\$652,200	\$994,300
FTE/Other					
Total FTE	1.5	0.0	0.4	0.3	0.3

*Non-state funds as estimated by agency.

4.2 Federal Funds

Program		FY 2003 Actual	FY 2004 Estimated	FY 2005 Analyst
Workforce Financial Assistance PHS Local Grant	Federal	\$63,071		
	Required State Match		0	0
	Total	63,071	0	0
	Federal	63,071	0	0
	Required State Match	0	0	0
	Total	\$63,071	\$0	\$0